

# HOUSE BILL No. 1367

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1-1-3.5; IC 6-1.1-4-13.

**Synopsis:** Property tax assessment of farm land. Sets an agricultural land base rate of \$880 per acre for property tax assessments in 2005 and 2006. Establishes the method by which the department of local government finance sets the agricultural land base rate for assessments in later years.

**Effective:** Upon passage.

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**Hoffman, Grubb**

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January 13, 2005, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## HOUSE BILL No. 1367

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-1-3.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE  
3 UPON PASSAGE]: **Sec. 3.5. "Base rate" means the statewide**  
4 **agricultural land base rate value per acre used to determine the**  
5 **true tax value of agricultural land under:**

6           **(1) the Real Property Assessment Guidelines of the**  
7           **department of local government finance; or**

8           **(2) rules or guidelines of the department of local government**  
9           **that succeed the guidelines referred to in subdivision (1).**

10       SECTION 2. IC 6-1.1-4-13 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 13. (a) In assessing  
12 or reassessing land, the land shall be assessed as agricultural land only  
13 when it is devoted to agricultural use.

14       (b) The department of local government finance shall give written  
15 notice to each county assessor of:

16           (1) the availability of the United States Department of  
17 Agriculture's soil survey data; and

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(2) the appropriate soil productivity factor for each type or classification of soil shown on the United States Department of Agriculture's soil survey map.

All assessing officials and the property tax assessment board of appeals shall use the data in determining the true tax value of agricultural land.

(c) The department of local government finance shall by rule provide for the method for determining the true tax value of each parcel of agricultural land.

(d) This section does not apply to land purchased for industrial, commercial, or residential uses.

**(e) Before the assessment date in 2007, the department of local government finance shall, based on the department's best estimates, determine the base rate for the assessment date in 2007 in the amount of four hundred ninety-five dollars (\$495) per acre multiplied by the quotient of:**

**(1) the remainder of:**

**(A) the assessed value of real property other than agricultural land as of the assessment date in 2007; minus**

**(B) the sum of:**

**(i) the assessed value as of the assessment date in 2007 of real property constructed after the assessment date in 2001; plus**

**(ii) the assessed value as of the assessment date in 2007 of real property used, as described in subsection (g), as of the assessment date in 2007 for a purpose different from the use as of the assessment date in 2001; plus**

**(iii) the combined amount of deductions under IC 6-1.1-12-37 that apply as of the assessment date in 2007 to the assessed value of real property other than agricultural land; divided by**

**(2) the remainder of:**

**(A) the assessed value of real property other than agricultural land as of the assessment date in 2001; minus**

**(B) the sum of:**

**(i) the assessed value as of the assessment date in 2001 of the real property identified under subdivision (1)(B)(ii); plus**

**(ii) the combined amount of deductions under IC 6-1.1-12-37 that applied as of the assessment date in 2001 to the assessed value of real property other than agricultural land.**

**(f) This subsection applies to each calendar year after 2007.**

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Before the assessment date in the current year, the department of local government finance shall, based on the department's best estimates, determine the base rate for the assessment date for the current year in the amount of the base rate determined under subsection (e) or this subsection for the assessment date in the immediately preceding year multiplied by the quotient of:

(1) the remainder of:

(A) the assessed value of real property other than agricultural land as of the assessment date in the current year; minus

(B) the sum of:

(i) the assessed value as of the assessment date in the current year of real property constructed after the assessment date in the immediately preceding year; plus

(ii) the assessed value as of the assessment date in the current year of real property used, as described in subsection (g), as of the assessment date in the current year for a purpose different from the use as of the assessment date in the immediately preceding year; plus

(iii) the combined amounts of deductions under IC 6-1.1-12-37 that apply as of the assessment date in the current year to the assessed value of real property other than agricultural land; divided by

(2) the remainder of:

(A) the assessed value of real property other than agricultural land as of the assessment date in the immediately preceding year; minus

(B) the sum of:

(i) the assessed value as of the assessment date in the immediately preceding year of the real property identified under subdivision (1)(B)(ii); plus

(ii) the combined amount of the deductions under IC 6-1.1-12-37 that applied as of the assessment date in the immediately preceding year to the assessed value of real property other than agricultural land.

(g) For purposes of subsections (e)(1)(B)(ii) and (f)(1)(B)(ii), use of real property as of the current assessment date that is different from the use as of a previous assessment date is evidenced by:

(1) for a reason other than a change in the rules of the department of local government finance, applicability as of the current assessment date of an assessment methodology under the rules for the assessment of real property different

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from the assessment methodology that applied for the previous assessment date; or

(2) eligibility status of the real property as of the current assessment date for a credit or deduction under this article different from the eligibility status as of the previous assessment date resulting from a reason other than a failure to properly apply for a credit or deduction.

(h) For the assessment of agricultural land for assessment dates to which the Real Property Assessment Guidelines of the department of local government finance apply, the base rate determined by the department of local government finance under this section is substituted for the base rate in those guidelines.

(i) Immediately after determining a base rate under subsection (e) or (f), the department shall report the base rate to:

- (1) the legislative council in an electronic format under IC 5-14-6;
- (2) county assessors; and
- (3) township assessors.

SECTION 3. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "assessment date" has the meaning set forth in IC 6-1.1-1-2.

(b) For the property tax assessment of agricultural land for assessment dates in 2005 and 2006, the statewide agricultural land base rate value of eight hundred eighty dollars (\$880) per acre is substituted for the statewide agricultural land base rate value of one thousand fifty dollars (\$1,050) per acre in the Real Property Assessment Guidelines of the department of local government finance that apply for those assessment dates.

(c) This SECTION expires January 1, 2008.

SECTION 4. An emergency is declared for this act.

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